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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

**SUMMARY OF COMMENTS  
BEFORE THE FEDERAL-STATE JOINT BOARD ON UNIVERSAL SERVICE**

**September 13, 1996**

**Submitted by  
Robert F. Kelley  
Advisor to the Governor of Guam**

The implementation of Section 254 of the Telecommunications Act as amended will have an unprecedented impact for the people of Guam. By applying universal service principles to telecommunication services reaching Guam, Guamanians will have access to the vast and ever-growing array of information and services available through existing and developing technology. These goals are consistent with Guam's Governor Carl T.C. Gutierrez's Vision 2001 plan for Guam's future.

In order to ensure that the citizens of Guam have access to interstate telecommunications and data services, as well as access to the National Information Infrastructure, at rates that are comparable to rates charged to citizens in the rest of the United States and provide a level playing field that will encourage competition among telecommunications service providers:

- Guam must have explicit and meaningful inclusion in all the benefits of Section 254;
- Any inequities in the cost of providing service due to remoteness or distance must be offset by competitively neutral universal support mechanisms; and
- Regulations providing universal service support for schools, libraries and medical facilities must apply to those institutions located in the insular areas.

The inclusion of interexchange and advanced telecom services among those that may be supported by universal service mechanisms is a great benefit to consumers in Guam. Moreover, basic telephone services for schools and libraries should be at rates comparable to residential rates. There should also be a mechanism of support for leased lines, ISDN and other advanced local exchange services.

**Summary of Comments by  
Robert F. Kelley  
September 13, 1996  
Page 2 of 2**

**With respect to core services, additional services may warrant inclusion in these proceedings, including toll free 800 services, on-line information services, calling card, directory assistance, credit card verification, video conferencing, and e-mail. These services may remain prohibitively expensive without some support mechanisms.**

**Finally, the Joint Board should also consider means to support high bandwidth applications for telemedicine users to lower the currently high telecommunications costs for such applications.**

**# # #**



OFFICE OF THE GOVERNOR  
TERRITORY OF GUAM

**BEFORE THE FEDERAL-STATE  
JOINT BOARD ON UNIVERSAL SERVICE**

**Robert F. Kelley  
Advisor to the Governor of Guam for Telecommunications**

**September 13, 1996**

I am here on behalf of the Governor of Guam and the Guam Telephone Authority, (GTA), a semi-autonomous agency of the Government of Guam. The maps we have distributed show that Guam is 6,000 miles west of San Francisco and 10,000 miles from Washington, D.C. It is the largest island in the Marianas archipelago of the North Pacific Ocean. West of the international dateline, Guam is where America's day begins.

The implementation of Section 254 will have an unprecedented impact for all of us. By applying universal service principles across all the country, all consumers will have access to the vast array of information and communication services available through telecommunications technologies.

For the first time, universal service funds will cover advanced communications services and interexchange services. Like other rural areas in the United States, Guam will benefit by these new inclusions under universal service mechanisms. But, all such rural areas will benefit more as you provide a level playing field to encourage competition among all telecommunication service providers.

Special attention should be paid, however, to an element of local loop costs. Right now, local loops transmitting through dumb switches are calculated at higher costs than local loops transmitting through smart switches. This is a disincentive to network improvement, and should be corrected. It is dumb to support dumb switches, it is smart to support smart switches.

As the law now makes clear, residents of Guam, as all other Americans, should have access to interstate telecommunications and data services, and to the National Information Infrastructure, at rates reasonably comparable to those charged elsewhere in the U.S., including in urban areas. All the U.S., including all insular areas, are now entitled to explicit and meaningful inclusion in all the benefits of Section 254. For that purpose, distance related higher costs must be offset by competitively neutral universal support mechanisms.

Of special concern: Regulations providing universal service support for schools, libraries and medical facilities must apply uniformly to institutions located in insular areas.

Schools: Guam has 35 public schools and 21 private schools. Only 3% of our classrooms have a telephone line. That is not enough to help our kids. We must connect entire classrooms through networks and advanced communication technologies.

Public Libraries: We have six. Only one has access to the Internet. It only has three terminals and the connection time is donated. Our library telecommunications budget is \$11,000 covering one facsimile terminal, and a telephone line in each library.

Health Care: We need the means to employ high bandwidth for telemedicine users, to counter high telecommunications costs for such applications. This is needed in all rural areas in the U.S. For Guam, telemedicine will reduce the number of residents who travel annually to Hawaii or the Mainland to seek care. With a population of only 150,000, Guam just cannot support some advanced medical support services.

All such public institutions -- schools, libraries and health care -- should be served at rates comparable to local residential rates, and be exempt subscriber line charges. Support mechanisms should also be made available for leased lines and access to interstate ISDN. Other advanced local exchange services should also be supported. It should come as no surprise that all of us coming before you are asking for the tools that we can use to have meaningful access to available technologies.

About transitional support funds: If you intend to implement these to mitigate rate shock, Guam telephone subscribers should be included. The Guam Telephone Authority has never received Universal Service Funds. Instead, it has built a world class telephone network with significant direct subsidies from the long distance carriers' access charges. GTA, pursuant to FCC orders is in the process of shifting to cost-based access tariffs. This will generate significant rate hikes for our subscribers. We believe relief should be consistent with that given subscribers experiencing reductions in Universal Service Fund support.

With respect to core services warranting support, additional services should be recognized as core. These include toll free 800 services; number portability; on-line information services; calling card; directory assistance; credit card verification; video conferencing; and electronic mail. Such services will remain prohibitively expensive otherwise.

Testimony of Robert F. Kelley  
Before the Joint Board  
September 13, 1996  
Page 4

In conclusion, Vice President Gore's Agenda for Action states:

As a matter of fundamental fairness, this nation cannot accept a division of our people among telecommunications or information "haves" and "have-nots." The Administration is committed to developing a broad, modern concept of Universal Service -- one that would emphasize giving all Americans who desire it easy, affordable access to advanced communications and information services, regardless of income, disability, or location.

In its 1996 Communications Act amendments, Congress agreed.

Now, let's do it.

Thank you.

CARL T.C. GUTIERREZ  
GOVERNOR

MADELEINE Z. BORDALLO  
LT. GOVERNOR



## TERRITORY OF GUAM

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## Guam Facts

**HISTORY** After 300 years of Spanish colonialism, Guam became a possession of the United States in 1898, following the Spanish-American War. In 1941, Japan assumed control of Guam with the December 7, and December 8 attacks on Pearl Harbor, Hawaii, and Agana, Guam. An American campaign to reclaim Guam succeeded in August, 1944. With the passage of the Organic Act of 1950, residents of Guam were granted U.S. citizenship.

**LOCATION** Guam is located in the Pacific Ocean, approximately 3,800 miles (7 hours flying time) southwest of Hawaii, and 1,500 miles (3.5 hours flying time) south-southeast of Japan. It is the largest and southern-most island of the Mariana Archipelago. The size of the island is approximately 212 square miles.

**POPULATION/DEMOGRAPHICS** The population of Guam is about 150,000. The island's ethnic composition includes Chamorro (indigenous), Filipino, U.S. Mainlander, Micronesian, Japanese, and Chinese. The median age is 26. In the last election, 89% of the eligible voters cast ballots. The official languages are English and Chamorro. Over 90% of Guam's population is affiliated with the Catholic Church. Other denominations include the various Protestant sects, and Eastern religions. The U.S. military is a significant presence on Guam, with 22,000 personnel and dependents.

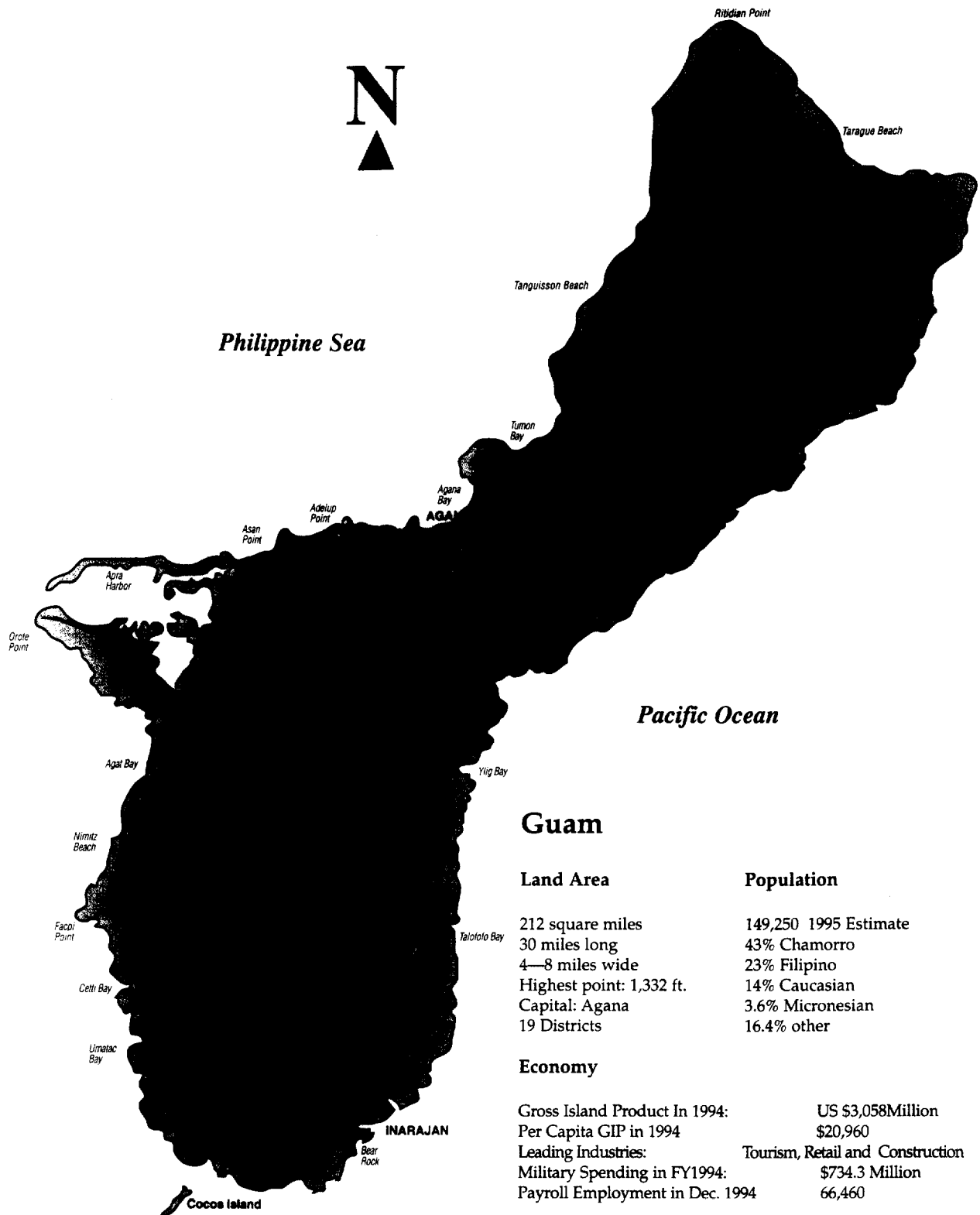
**GOVERNMENT** Guam's civilian government was established in 1950, after passage of the Organic Act. The executive branch is headed by the governor, who is elected every 4 years. The legislative branch is composed of 21 members (senators), elected at-large every 2 years. The judicial branch consists of two courts. The Superior Court has jurisdiction over local matters, while the U.S. District Court presides over federal and constitutional matters.

**POLITICAL STATUS** The current political status of Guam is that of an Unincorporated Territory of the United States, designating Guam as a non self-governing territory. Guam has one delegate to the U.S. House of Representatives. This delegate cannot vote on the House floor. In 1987, residents of Guam voted to define Guam's relationship with the United States as that of a commonwealth. The U.S. Congress has had a mandate to address Guam's political status for 98 years, but has not done so.

**ECONOMICS/EMPLOYMENT** Guam's standard of living is comparable to most U.S. cities with the same population, and its wage scale operates on the same level as that of the mainland U.S. Tourism was developed as a viable industry in the 1960's, and has experienced phenomenal growth. More than 1 million tourists (most from Japan) visited Guam last year. To encourage economic development, Guam offers several trade and tax incentives to companies doing business on the island. The Government of Guam offers incentives to companies whose investments generate employment, replace imports, reduce consumer prices, and establish vital facilities. Incentives may include rebates and abatement of corporate income, dividend, property, and gross receipt taxes. The average private sector wage is \$8.82/hr and the average government wage is \$16.22/hr. Most private sector jobs are in the areas of trade, services, and construction. The mean household income is \$44,300 per year. According to the most recent figures, Guam's unemployment rate is at 6.7%.

**EDUCATION** The Government of Guam's single largest expenditure is for education. Guam spent \$194 million on education in 1994 (the most recent data available). The number of students enrolled in public schools, grades K-12, is more than 31,000. Enrollment at Guam Community College is 4,800. The University of Guam's enrollment is 3,700. The public schools' teacher-to-pupil ratio is 1 to 19.

**VISITOR INFORMATION** "Guam time" is 14 hours ahead of Eastern Standard Time. The average daytime temperature is 85 degrees and the average nighttime temperature is 70 degrees. Annual rainfall on the island is between 80 and 110 inches. The driest months are from January to June, the wettest months are from July to October. Guam has 6,600 hotel rooms. Encircling the island are 116 miles of shoreline, and throughout Guam there are almost 2,000 acres of territorial parkland.





Seattle

Chicago

San Francisco

New York

Tokyo

Seoul

Taipei

Hong Kong

Manila

Saigon

Honolulu

Guam

Distance From Guam (in miles)

Chicago	8,074	Fiji	3,511
Hong Kong	2,100	Honolulu	3,700
Jakarta	4,122	Manila	1,600
New York	8,769	Saigon	2,594
Samoa	3,826	San Francisco	6,000
Seattle	6,124	Seoul	1,900
Singapore	3,269	Sydney	3,100
Tahiti	4,135	Taipei	1,700
Tokyo	1,550		

Samoa

Tahiti

Fiji

Sydney

Jakarta